The voice of mid-size communications companies

November 8, 2016

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: *Ex Parte* Communications: *Connect America Fund*, WC Docket No. 10-90

Dear Ms. Dortch:

On November 7, 2016, Bob Debroux of TDS Telecommunications and Ken Pfister of Great Plains Communications, both participating by phone, along with Genny Morelli and the undersigned of ITTA, met with Stephanie Weiner and Lisa Hone of the Office of Chairman Wheeler, and Carol Mattey and Alex Minard of the Wireline Competition Bureau, regarding the above-captioned proceeding.[1]

ITTA expressed that the number of rate-of-return carriers accepting model-based support for broadband deployment,[2] while exceeding the budget established by the Commission for such support,[3] should be viewed as an opportunity. The overall subscription level is testament to the success of the policies underlying the offering of model-based support for broadband deployment in rural America. Such funding will lead to more broadband deployment by more carriers more rapidly to unserved and underserved consumers. Model-based support will be used efficiently insofar as it will fund broadband deployment to areas where there are no unsubsidized competitors, which is ensured by the challenge process that the Bureau already has completed. Furthermore, the deployment it will lead to is a predicate to the fulfillment of other universal service goals, such as increased broadband adoption via the Lifeline program, or any measures to help eliminate the "homework gap." Thus, ITTA advocated that the Commission allocate sufficient additional funding for model-based support in order to overcome the budgetary shortfall in the *Rate-of-Return Reform Order*'s initial $150 million annual allocation.

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[1] *Wireline Competition Bureau Announces Results of Rate-of-Return Carriers that Accepted Offer of Model Support*, Public Notice, DA 16-1246 (WCB Nov. 2, 2016) (*Public Notice*).

[2] Rate-of-return carriers had a deadline of November 1, 2016 to indicate, on a state-by-state basis, whether they elect to receive model-based support.

[3] *See Connect America Fund; ETC Annual Reports and Certifications; Developing a Unified Intercarrier Compensation Regime*, Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, 31 FCC Rcd 3087, 3112-13, para. 62 (2016) (*Rate-of-Return Reform Order*) (initially establishing a budget of up to $150 million annually for carriers electing the model path).

ITTA urged that, at a minimum, the Commission allocate sufficient additional funding to enable every rate-of-return (RoR) company that accepted model-based support to receive a minimum of $146.10 per location, the same amount of per-location support that Connect America Phase II provides to price cap carriers.[4] Doing so is consistent with the *Rate-of-Return Reform Order*, where the Commission stated that if "demand for the voluntary path to the model is so great that the funding per location cap would need to be set at a figure lower than Connect America Phase II provides to price cap carriers, i.e., below $146.10 per location, *other measures may be necessary*."[5]

Increasing the funding as ITTA advocated will help ensure that the Commission's landmark action in establishing a path for rate-of-return carriers to accept model-based support does not become a victim of its own success.

ITTA also urged that the Commission implement the model-based plan as soon as possible, making it effective no later than January 1, 2017. This would avoid the unwieldy result of carriers accepting model-based support having to convert to the new CAF-BLS regime prior to implementation of the model-based plan.

Please do not hesitate to contact the undersigned with any questions regarding this submission.

Respectfully submitted,

/s/

Michael J. Jacobs
Vice President, Regulatory Affairs

cc: Stephanie Weiner
Lisa Hone
Carol Mattey
Alexander Minard

[4] Specifically, RoR companies for whom the model provides more support than under legacy mechanisms would receive $146.10 per location and RoR companies for whom the model provides less support than under legacy mechanisms would receive the $200 per location allotted in the *Rate of Return Reform Order*. *See id*. at 3107, para. 52.

[5] *Id.* at 3113, para. 62 n.136 (emphasis added).